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September 6, 2000

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 8140-B FILED
SEP 6 '00 3-24 PM
TS
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are three (3) copies of a Memorandum of Lease Termination and Extension, dated August 29, 2000, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Lease which was previously filed with the Commission under Recordation Number 8140.

The names and addresses of the parties to the enclosed document are:

Lessor: PHH Vehicle Management Services, Inc.
350 Burnhanthorpe Road W
Suite 700
Mississauga, Ontario L5B3P9

Lessee: Canadian National Railway Company
935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9

A description of the railroad equipment covered by the enclosed document is:

190 hopper cars CN 371702 - CN 371891

Flts - 603025-603131, 17 (T)

Mr. Vernon A. Williams
September 6, 2000
Page Two

A short summary of the document to appear in the index follows:

Lease between PHH Vehicle Management Services, Inc., Lessor, and Canadian National Railway Company, Lessee, terminated as to 94 flat cars and extended as to 190 hopper cars CN 371702 - CN 371891.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return two stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 8140-B FILED

SEP 6 '00 3-24 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE TERMINATION AND EXTENSION dated as of August 28, 2000 between **PHH Vehicle Management Services Inc. ("PHH")** and **Canadian National Railway Company ("CN")**.

WHEREAS, PHH (formerly known as *Peterson, Howell & Heather (Canada) Limited*) as lessor and CN as lessee entered into a Lease of Railroad Equipment dated as of November 3, 1975, as amended by a Lease Amendment Agreement dated as of July 15, 2000, (the "Lease") originally covering 284 units of railroad rolling stock (more particularly i) the 94 bulkhead flat cars specified in Schedule A hereto (the "Bulkhead Flat Cars") and ii) the covered hopper cars specified in Schedule B hereto (the "Hopper Cars")).

IN WITNESS WHEREOF, the parties wish to show for the public record that as of the day and year first above written:

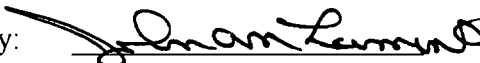
- 1) The Lease was terminated, by PHH and CN, in respect of the Bulkhead Flat Cars;
- 2) PHH sold the Bulkhead Flat Cars to CN; and
- 3) The term of the Lease, in respect of the Hopper Cars, has been extended until August 28, 2001;

and accordingly have caused this Memorandum to be executed by their officers thereunto duly authorized.

PHH VEHICLE MANAGEMENT SERVICES INC.,

CANADIAN NATIONAL RAILWAY COMPANY,

By: 
Its: Vice-President, Finance

By: 
Its: Sr. Manager, Asset Finance

Note: On November 6, 1975, such Lease of Railroad Equipment was deposited in the Office of the Registrar General of Canada pursuant to Section 86(1) of the Railway Act of Canada (now Section 105 of the Canada Transportation Act).

On December 4, 1975 at 4:40 P.M., a certain Trust Indenture dated as of November 1, 1975 between The Royal Trust Company and PHH (related to such Lease of Railroad Equipment and the units of railroad rolling stock thereunder) was filed at the Interstate Commerce Commission (now the Surface Transportation Board) pursuant to Section 20c of the Interstate Commerce Act (now 49 U.S.C. 11301) and assigned primary recordation number 8140 (and which filing was cross referenced against CN). Such Indenture was released by a Release and Discharge dated as of September 15, 1999 which was assigned secondary recordation number 8140-A.

CN File Reference: 2042-46

PROVINCE OF ONTARIO

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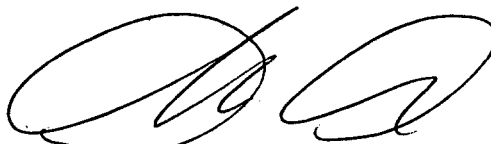
*In the matter of a Memorandum dated
as of August 28, 2000.*

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CITY OF TORONTO

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On this 29 day of August, 2000, before me personally appeared Ivan Juric, to me personally known, who, being by me duly sworn, says that he is Vice-President, Finance of PHH Vehicle Management Services Inc., that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

My commission expires: _____

[Notarial Seal]

PROVINCE OF QUEBEC

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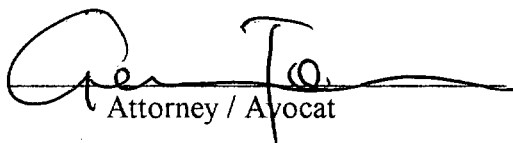
*In the matter of a Memorandum dated
as of August 28, 2000.*

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DISTRICT OF MONTREAL

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On this 25th day of August, 2000, before me personally appeared John A.N. Lamont, to me personally known, who, being by me duly sworn, says that he is duly authorized to state that the foregoing instrument was signed on behalf of Canadian National Railway Company by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Attorney / Avocat

Bar #: 190021-8

[Seal]

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Schedule A to Memorandum

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Bulkhead Flat Cars - Lease Terminated & Cars Sold

94 70-ton bulkhead flat cars bearing the following marks and numbers:

CN 603025 to CN 603031 inclusive;

CN 603037 to CN 603083 inclusive;

CN 603085 to CN 603106 inclusive;

CN 603108 to CN 603110 inclusive;

CN 603112 to CN 603116 inclusive;

CN 603118 to CN 603120 inclusive;

•CN 603123;

CN 603125 to CN 603127 inclusive; and

CN 603129 to CN 603131 inclusive.

Note: As of the date hereof, 15 of the foregoing bulkhead flat cars have previously suffered a 'Casualty Occurrence' under the Lease for which the 'Casualty Value' has been paid.

Schedule B to Memorandum

Hopper Cars - Lease Extended for 1 Year

190 100-ton covered hopper cars bearing the following marks and numbers:

CN 371702 to CN 371891 inclusive.

Note: As of the date hereof, 19 of the foregoing hopper cars have previously suffered a 'Casualty Occurrence' under the Lease for which the 'Casualty Value' has been paid.

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